

ORIGINAL

OPEN MEETING ITEM

8/9/07

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

BRIAN C. McNEIL
EXECUTIVE DIRECTOR



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

Arizona Corporation Commission

DOCKETED

JUL 27 2007

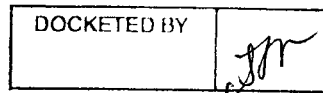
TO: Mike Gleason, Chairman
William A. Mundell
Jeff Hatch-Miller
Kristin K. Mayes
Gary Pierce

FROM: Matthew J. Neubert *mjn*
Director of Securities

DATE: July 20, 2007

RE: Proposed Order to Cease and Desist; Order of Restitution; Order for Administrative Penalties; Order of Other Affirmative Action; and Consent to Same by Richard Allen Campbell and Sondra Jane Campbell
Docket No. S-20484A-06-0669

CC: Brian C. McNeil, Executive Director



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DOCKET CONTROL

Please find attached a proposed Order to Cease and Desist; Order of Restitution; Order for Administrative Penalties; Order of Other Affirmative Action; and Consent to Same by Richard Allen Campbell and Sondra Jane Campbell (collectively, "Campbell").

The Order requires Campbell to: (1) cease and desist the activities set forth in the Order; (2) pay \$10,860,000 in restitution; and (3) pay \$100,000 in administrative penalties. The administrative penalties may be reduced to \$50,000 if the \$10,860,000 restitution amount is paid in full by Campbell or the other respondents. The Order finds that Campbell violated A.R.S. §§ 44-1981, 44-1982 and 44-1991. The Division believes that the Order is appropriate to protect the public welfare. The Division and Campbell's attorney will be requesting that the Commission enter the Order at the August 9, 2007 Open Meeting. The following comments pertain thereto:

1. Campbell has no previous securities, financial fraud or criminal history.
2. Campbell has cooperated with the Division, and will continue to do so under the terms of the Order.

3. As noted in the Order, the restitution amount is based on: (a) known Ore Rights & Mining Agreement investment contract sales totaling \$10,551,000 (b) Campbell's sale of 80,000 shares of his personal AGRA stock totaling \$132,000, and (c) one half of the two (2) known Platinum Rental Agreement security sales (\$354,000), totaling \$177,000.

Originator: Mike Dailey

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 KRISTIN K. MAYES
7 GARY PIERCE

8 In the matter of)

DOCKET NO. S-20484A-06-0669

9 AGRA-TECHNOLOGIES, INC. (a/k/a)
10 ATI), a Nevada corporation,)
11 5800 North Dodge Avenue, Bldg. A)
12 Flagstaff, Arizona 86004-2963;)

DECISION NO. _____

13 WILLIAM JAY PIERSON (a/k/a BILL)
14 PIERSON),)
15 and SANDRA LEE PIERSON (a/k/a)
16 SANDY PIERSON),)
17 husband and wife,)
18 6710 Lynx Lane)
19 Flagstaff, Arizona 86004-1404;)

**ORDER TO CEASE AND DESIST;
ORDER OF RESTITUTION;
ORDER FOR ADMINISTRATIVE
PENALTIES;
ORDER OF OTHER AFFIRMATIVE
ACTION; AND CONSENT TO SAME BY:**

20 RICHARD ALLEN CAMPBELL (a/k/a)
21 DICK CAMPBELL),)
22 and SONDR A JANE CAMPBELL,)
23 husband and wife,)
24 8686 West Morten Avenue)
25 Glendale, Arizona 85305-3940;)

(1) RICHARD ALLEN CAMPBELL

-AND-

(2) SONDR A JANE CAMPBELL

26 WILLIAM H. BAKER, JR. (a/k/a BILL)
27 BAKER), and PATRICIA M. BAKER,)
28 3027 N. Alta Vista)
29 Flagstaff, Arizona 86004;)

30 JERRY JOHNSTON HODGES,)
31 1858 Gunlock Court)
32 Saint George, Utah 84790-6705; and)

33 LAWRENCE KEVIN PAILLE (a/k/a)
34 LARRY PAILLE),)
35 220 Pinon Woods Drive)
36 Sedona, Arizona 86351-6902;)

37 Respondents.)

38 Respondents RICHARD ALLEN CAMPBELL (a/k/a DICK CAMPBELL) (hereafter,
39 "CAMPBELL") and his spouse SONDR A JANE CAMPBELL (hereafter, "SPOUSE") elect to

1 permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act
2 of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And
3 Desist ("Order"). CAMPBELL and SPOUSE admit the jurisdiction of the Arizona Corporation
4 Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of
5 Law contained in this Order; and consent to the entry of this Order by the Commission for the
6 purposes of this proceeding and any other administrative proceedings before the Commission.

7 **I.**

8 **FINDINGS OF FACT**

9 1. Respondent AGRA-TECHNOLOGIES, INC. (a/k/a ATI) (hereafter, "AGRA") is a
10 Nevada corporation that registered to do business as a foreign corporation in Arizona on May 21,
11 1999. AGRA's principal place of business is 5800 N. Dodge Ave., Bldg. A, Flagstaff, Arizona 86004.

12 2. CAMPBELL is an individual whose residence is 8686 West Morten Avenue,
13 Glendale, Arizona 85305-3940. From July 23, 2003 to June 15, 2006, CAMPBELL conducted
14 business as AGRA's Executive Vice President, Director and second largest shareholder. In these
15 capacities, CAMPBELL along with others, controlled, promoted and bore responsibility for
16 AGRA's business and financial affairs and its investor solicitation activities.

17 3. SPOUSE was at all relevant times the spouse of CAMPBELL. SPOUSE is joined in
18 this action under A.R.S. §44-2031(C) solely for purposes of determining the liability of the marital
19 community. At all relevant times, CAMPBELL and SPOUSE were acting for their own benefit, and
20 for the benefit or in furtherance of the marital community.

21 4. AGRA and CAMPBELL may hereafter be referred to as "RESPONDENTS" as the
22 context requires.

23 **A. RESPONDENTS' PURPORTED ARIZONA-BASED PRECIOUS METAL**
24 **RECOVERY BUSINESS.**

25 5. From July 23, 2003 to June 15, 2006, RESPONDENTS' represented to offerees and
26 investors that AGRA's business operations were primarily based on precious metal recovery and

1 production. RESPONDENTS represented that AGRA owned 5 million of tons of Sheep Hill
2 volcanic cinders near Flagstaff, Arizona. RESPONDENTS represented that AGRA's precious
3 metal processing facility was located at 66 Leupp Road, Flagstaff, Arizona 86004 (the "AGRA
4 Plant").

5 6. Beginning on or about July 2003 to at least May of 2005, RESPONDENTS
6 represented to offerees and investors that AGRA had acquired a non-traditional, "special"
7 nanotechnology called the Galleon process that enabled them to extract extremely rare and valuable
8 platinum group metals from the Sheep Hill volcanic cinders.

9 7. According to RESPONDENTS, the Galleon process involved the use of
10 hydrochloric acid, and "in-quart" platinum whereby AGRA placed rented or purchased platinum
11 into a batch of Galleon processed volcanic cinders in an attempt to extract any platinum that may
12 naturally occur in the cinders. By way of limited example, RESPONDENTS represented to
13 offerees and investors from on or about July 2003 to the summer of 2006 that:

14 The company [AGRA] has studied several processes purported to be capable of
15 recovering the precious metals identified in its [volcanic cinder] resources, but only
16 in this past year as the process developed with Galleon Technology and
17 Development Corp. **proven to be both economically feasible** and agriculturally
18 compatible...Agra Tech is acquiring the technology preliminarily proven capable of
19 efficiently extracting the platinum group metals present and identified in its
20 complex mineral reserves. **The company will** work with Galleon to finitely
21 develop the environmentally friendly recovery processes, and **implement a**
22 **commercially viable process** for the mineral resources. (Emphasis added)

23 8. RESPONDENTS consistently represented to offerees and investors since July 2003
24 to the summer of 2006 that the volcanic cinders contained rare and valuable precious metals such
25 as platinum, gold, silver, and other platinum group metals in marketable quantities sufficient to
26 justify their extraction using their purported precious metal recovery technologies and expertise on
a: (1) commercially viable; (2) commercially feasible; (3) economically viable; (4) economically
feasible; and (5) cost effective basis (collectively "cost effective basis").

1 9. From at least July 2003 to the summer of 2006, RESPONDENTS represented to
2 offerees and investors via standard form investor solicitation materials that they would see the
3 productive benefit of AGRA's precious metal generation in the early years. In these investor
4 solicitation materials, RESPONDENTS represented that AGRA expected to be capable of
5 producing approximately 116,800 ounces of platinum at the AGRA Plant during its first year of
6 operation and, based on production estimates, they expected to generate in excess of \$58,000,000
7 in revenue during its first year of operation.

8 10. From at least July 2003 to the summer of 2006, RESPONDENTS stated in investor
9 solicitation materials that based on AGRA's purported precious metal recovery technologies and
10 expertise, RESPONDENTS expected to have revenues of \$232,000,000 by its fifth year of
11 operation, with subsequent gross annual profits of \$100,000,000.

12 11. Thus, according to RESPONDENTS' representations and unprecedented precious
13 metal production projections, AGRA's purported Flagstaff-based platinum mining operation is
14 tantamount to one of the most valuable platinum mining operation in North America. The
15 unregistered securities discussed below were purchased by investors based on RESPONDENTS'
16 representations that they could obtain precious metals from the Sheep Hill volcanic cinders on a
17 cost effective basis.

18 **B. THE UNREGISTERED ORE RIGHTS & MINING AGREEMENT SECURITIES.**

19 12. From at least July 2003 to the summer of 2006, RESPONDENTS offered and sold
20 unregistered securities in the form of investment contracts called Ore Rights & Mining Agreements
21 ("Units") within and from Arizona.

22 13. Under the Unit solicitation materials, an AGRA investor could invest \$10,000 to
23 purchase a single Unit. According to RESPONDENTS, each Unit represented the right to the
24 purported precious metal contained in "50 tons of platinum bearing ore for processing."

25 14. Pursuant to mining industry customs and standards, "ore" possesses an economic
26 meaning. An *ore* is a rock or mineral that can be mined, transported, processed and sold *at a profit*

1 under current technological and economic conditions, including overhead costs such as the
2 construction and development of a physical plant, ore extraction and transportation, labor,
3 investment sales commissions, procurement and development of technologies, testing and refining
4 costs. Tens of thousands of samples of rocks and other mineral matter are submitted to assay
5 laboratories annually; only a fraction of them turn out to be ore.

6 15. At all times relevant, RESPONDENTS represented that by using their alleged
7 precious metal recovery technologies and expertise, RESPONDENTS extracted and/or was able to
8 extract approximately 1 to 13 ounces of platinum from each ton of Sheep Hill volcanic cinders.

9 16. At all times relevant, RESPONDENTS' most often projected recovery was 5 ounces
10 of platinum per ton of volcanic cinders, or 250 ounces of platinum per Unit. Using this
11 unprecedented projected recovery, RESPONDENTS repeatedly represented to offerees and
12 investors, in part through the routine dissemination of Unit solicitation materials, that investors
13 could receive "extraordinary" returns of over 700 percent, or \$70,250, on each Unit investment
14 even after the deduction of AGRA's processing fees.

15 17. RESPONDENTS' Unit solicitation materials failed to adequately warn that an
16 investor might not earn any of the projected profits.

17 18. RESPONDENTS' Unit solicitation materials failed to adequately disclose the risks
18 associated with the Unit investments including, but not limited to, the fact that a potential Unit
19 investor could lose all or a vast portion of their principal Unit investment amount. To the contrary,
20 in October 2005, RESPONDENTS represented to offerees and investors that any risks associated
21 with purchasing the Units were, "virtually zero," and had been "virtually eliminated."

22 19. RESPONDENTS failed to disclose to their offerees and investors that
23 approximately 25% of each purchased Unit was paid to RESPONDENTS' authorized general
24 agents and securities salespersons as commissions. None of the Unit solicitation materials and
25 related business records provided by RESPONDENTS to the Division disclose the commissions
26 paid to RESPONDENTS' authorized general agents and securities salesman.

1 20. RESPONDENTS paid sales commissions to their general agents and securities
2 salesman for the sale of the Unit investments approximately totaling: (a) \$879,956 in 2003; (b)
3 \$1,045,266 in 2004; (c) \$623,750 in 2005; and (d) \$110,000 in 2006.

4 21. To date, RESPONDENTS have failed to provide any returns to the Unit investors.
5 RESPONDENTS originally promised to process the Unit investors' volcanic cinders within 12
6 months. Given RESPONDENTS' failure to produce any marketable quantities of any precious
7 metals from the volcanic cinders on a cost effective basis to date, RESPONDENTS eventually
8 caused the Unit Contracts to be changed to state that AGRA would process the cinders within 18
9 months and yet later, to state that they might process them within 24 months.

10 22. At all times relevant, RESPONDENTS sold over 1,000 Units for approximately
11 \$10,580,000 to approximately 200 different, widely disbursed investors residing in approximately
12 20 different states, including Arizona, and abroad.

13 23. From at least July 2003 to the summer of 2006, the Unit investors' money
14 represented RESPONDENTS' primary source of cash receipts or operating capital.

15 **C. THE UNREGISTERED STOCK SECURITIES.**

16 24. From at least 2004 to June 2006, RESPONDENTS offered and sold unregistered
17 securities in the form of AGRA stock within and from Arizona. Pursuant to one particular,
18 repeated stock offer, each Unit investor was entitled to purchase 2,000 shares of AGRA stock at a
19 \$1.65 per share, or \$3,300 total, for each Unit purchased.

20 25. From 2005 to the summer of 2006, RESPONDENTS represented to offerees and
21 investors that they expected the AGRA stock to increase in value by approximately 4,900 to 9,900
22 percent, or 50 to 100 times its original purchase price within a 3 to 5 year time frame. On
23 November 26, 2005, RESPONDENTS misrepresented to offerees and investors that:

24 There are about 50,000 shares available at this time. Everything is looking good
25 with Agra-Tech, and the stock looks like a very good way to generate a passive
26 income stream through dividends. In the 3-5 year timeframe, the stock is expected
to increase in value by 50 – 100 times...\$20,000 of stock purchased today would be

1 worth between \$1M to \$2M. If 10% dividends are offered, you would receive an
2 annual dividend income between \$100K and \$200K per year.

3 26. RESPONDENTS represented that they expected the stock to provide investors with
4 a substantial dividend income such that, with enough stock, the dividends generated could pay all
5 monthly living expenses. On October 31, 2005, RESPONDENTS misrepresented to offerees and
6 investors in an investor update that:

7 The Agra-Tech stock is a very good deal at \$1.65 per share and is poised for great
8 capital gains in the next few years...Assuming a 50X increase in the value of the
9 stock and 5% annual dividends, 10,000 shares of Agra-Tech Stock is estimated to
10 produce \$41,250/year of dividend income.

11 27. To date, RESPONDENTS have failed to pay any returns or dividends to the AGRA
12 stock investors. RESPONDENTS did not cause the AGRA stock to be registered with any
13 government entity, or to be lawfully traded on any known securities exchange, creating a situation
14 whereby AGRA investors do not have a market in which they can sell or trade their AGRA stock
15 investments. RESPONDENTS' stock solicitation materials failed to adequately disclose the risks
16 associated with the AGRA stock investments including, but not limited to, the fact that a stock
17 investor could lose a vast portion of their principal investment amount and/or not make any of the
18 projected profits.

19 28. RESPONDENTS offered and sold thousands of shares of unregistered AGRA stock
20 for hundreds of thousands of dollars to investors residing in several states, including Arizona, and
21 abroad.

22 **D. THE BRIDGE LOAN WITH EQUITY STOCK SECURITIES.**

23 **1. RESPONDENTS' UNDISCLOSED DESPERATE FINANCIAL CONDITION**

24 29. In the fall of 2005, RESPONDENTS were aware that their purported precious metal
25 recovery business was experiencing financial difficulties due, in part, to:

26 A. RESPONDENTS' failure to extract any precious metals from the Sheep Hill
 volcanic cinders on a cost effective basis using any processes or technologies;

1 B. RESPONDENTS' failure to pay investors any returns on their investments,
2 including any principal, projected profits, stock dividends or any amount of precious
3 metals, and the investors' resulting reluctance to invest additional money in the
4 unregistered AGRA securities set forth herein;

5 C. The fact that RESPONDENTS paid CAMPBELL and two other key AGRA officers
6 and directors salaries totaling approximately \$167,259.21 in 2003, \$335,361.41 in
7 2004 and \$486,784.30 in 2005, despite the glaring lack of any material revenue, or
8 returns paid to their Unit and stock investors;

9 D. The fact that RESPONDENTS' payments of the 25% securities sales commissions
10 totaling approximately \$2,658,972 were sufficiently onerous to further destroy any
11 conceivable economic viability of RESPONDENTS' volcanic cinder-based business
12 operations.

13 30. RESPONDENTS were aware of the fact that AGRA's financial situation was so
14 dire in October 2005 that RESPONDENTS began offering existing Unit investors a \$500
15 commission for each Unit they could sell to their friends or family members, in part, as follows:

16 Through Agra-Tech we would like to extend a \$500 commission or referral fee for
17 each new \$10,000 Ore Mining Unit you bring into Agra-Tech. Yes, this means that
18 you will receive \$500 US for each new unit you sell. This offer is good from this
19 date, October 7, 2005, forward and doesn't cover anything in the past. So get out
20 there and make yourself some extra money and also help Agra-Tech get into
production sooner. Getting into production sooner also means payouts will also
happen sooner. If you need help with the sale (contracts, sales, material, personal
support, etc.) we will be glad to work with you.

21 31. Thus, from at least the fall of 2005, to the present, and unbeknownst to actual or
22 potential AGRA investors, RESPONDENTS frequently described their money problems with other
23 AGRA officers, directors and employees in explicit detail. For instance, in various September,
24 2005 e-mails to another key AGRA employee, CAMPBELL acknowledged that RESPONDENTS
25 did not have sufficient investor funds to hire enough qualified people to operate their purported
26 precious metals recovery plant, resulting, in part, in the ammonia poisoning of employees.

2. **THE UNREGISTERED BRIDGE LOAN WITH EQUITY STOCK SECURITIES.**

32. Due in part to RESPONDENTS' undisclosed deteriorating financial condition, RESPONDENTS caused to be offered and sold unsecured "bridge loan" investments within and from Arizona from at least the fall of 2005 to the summer of 2006 (the "Bridge Loan Investments").

33. The terms and conditions of the Bridge Loan Investments varied according to RESPONDENTS' desperate need for operating capital/investor money. In one instance and, without limitation, an investor invested \$10,000 in a 90 day Bridge Loan Investment for 20,000 shares of AGRA stock with no interest. Thus, this investor effectively paid only \$.02 for each share of AGRA stock. This lower price for AGRA stock to Bridge Loan investors further demonstrates RESPONDENTS' extremely desperate need for operating capital.

34. RESPONDENTS' Bridge Loan Investment solicitation materials fail to adequately disclose to offerees and investors that RESPONDENTS have not, to date, paid any dividends or other returns to AGRA stock investors.

35. RESPONDENTS' Bridge Loan investment solicitation materials failed to adequately disclose to offerees and investors risks associated with the Bridge Loan Investments including, but not limited to, the fact that a potential Bridge Loan investor could lose a vast portion of their principal Bridge Loan Investment and/or not make any profits, especially if they chose the equity stock option.

36. RESPONDENTS offered and sold hundreds of thousands of dollars of the Bridge Loan Investments to investors.

E. **THE UNREGISTERED PLATINUM RENTAL AGREEMENT SECURITIES.**

37. RESPONDENTS offered and sold unregistered securities in the form of "Platinum Rental Agreement" investment contracts within and from Arizona.

38. A Platinum Rental Agreement investor could invest any substantial principal amount. RESPONDENTS purportedly used the Platinum Rental Agreement investors' money to

1 purchase as many ounces of platinum at the market price as of the date of the investment that could
2 be purchased with the principal investment amount, for use in their purported precious metal
3 recovery business.

4 39. The Platinum Rental Agreement investment did not have a termination date, and
5 could be concluded by RESPONDENTS or the investor.

6 40. Under these investments, RESPONDENTS promised: (a) to pay the investors
7 approximately 1.6667% interest, compounded monthly on their principal investment amount, or
8 approximately 21.939% per year; (b) return, at a minimum, the original principal investment
9 amount on the termination of the investment; and/or (c) repay the investor the fair market value of
10 all the rented platinum as of the date of the termination of the investment in the event the fair
11 market value of the platinum had increased since the original investment date.

12 41. RESPONDENTS' Platinum Rental Agreement solicitation materials fail to
13 adequately disclose to offerees and investors the risks associated with the Platinum Rental
14 Agreement investments including, but not limited to, the fact that a potential Platinum Rental
15 Agreement investor could lose a large percentage of their principal investment amount and/or not
16 make any of the promised profits.

17 42. RESPONDENTS have not repaid all the promised profits or principal to their
18 Platinum Rental Agreement investors. RESPONDENTS did not use all of the Platinum Rental
19 Agreement investor money to purchase platinum as represented in the Platinum Rental Agreement
20 investment documents.

21 43. Based on documents submitted to the Division, RESPONDENTS caused to be sold
22 a Platinum Rental Agreement security to an Arizona investor for \$264,000 on or about February
23 19, 2005. RESPONDENTS caused to be sold at least one other Platinum Rental Agreement
24 security to an Arizona investor for \$90,000 on or about January 13, 2005, for total Platinum Rental
25 Agreement sales of at least \$354,000.

F. **RESPONDENTS' MISREPRESENTATIONS AND OMISSIONS REGARDING AGRA'S ALLEGED ABILITY TO EXTRACT MARKETABLE QUANTITIES OF PRECIOUS METALS FROM THE VOLCANIC CINDERS ON A COST EFFECTIVE BASIS.**

44. From at least July 2003 to June 2006, RESPONDENTS' Unit solicitation materials included pictures of platinum bars. RESPONDENTS' also showed offerees and investors during AGRA Plant tours assay results that reflect the purported fact that the volcanic cinders contain platinum that can be extracted from the volcanic cinders on a cost effective basis. RESPONDENTS' also showed offerees and investors during AGRA Plant tours filters used during their purported precious metals recovery process that allegedly contained precious metal extracted from the volcanic cinders.

45. Unbeknownst to offerees and investors, the platinum bars displayed in the Unit solicitation materials were not created from platinum extracted by RESPONDENTS from the Sheep Hill volcanic cinders. Similarly, the positive assay results and purported platinum containing filters were not derived from platinum or other precious metals extracted from the volcanic cinders. Rather, the platinum bars displayed in the Unit offering materials were purchased, leased or borrowed from third parties. Furthermore, the positive assay results and the purported precious metal contained in the filters were the sole result of in-quart precious metal artificially placed in batches wet or acid processed cinders (i.e., Galleon process, etc.) by RESPONDENTS.

46. Despite RESPONDENTS' representations to offerees and investors to the contrary, volcanic cinders located in Arizona have a low unit value and are not known to contain precious metals in quantities above their average crustal abundance. For instance, platinum is an extremely rare metal, occurring as only 5 ppb (parts per billion) in the Earth's crust. In the southwest United States in particular, volcanic cinders are mostly used as lightweight aggregate to create cinder blocks. In northern Arizona in particular, volcanic cinders are primarily used for road surfaces, landscaping, construction and/or land fill material.

1 47. The only original producer of platinum and related platinum group metals, such as
2 palladium, in the United States is the Stillwater Mining Company in Montana
3 (<http://www.stillwatermining.com>). The only other major, original producers of platinum in the
4 world are found in South America and Russia. These producers of platinum and platinum group
5 metals use a smelting process and high grade platinum ore, as opposed to the various purported
6 “special” technologies/processes applied by RESPONDENTS to the Sheep Hill volcanic cinders.
7 Volcanic cinders and alleged special mining technologies have formed the basis for several mining
8 scams based on allegations that platinum, gold and silver can be economically extracted from
9 volcanic cinders.

10 48. In various December 2005 e-mails to another key AGRA officer and director,
11 CAMPBELL expressly admitted that: (a) RESPONDENTS had, “not produced one single ounce
12 of anything;” (b) with respect to their attempts to obtain investor money to alleviate
13 RESPONDENTS’ poor financial condition that, “[s]omeone coming in with \$2.5 [million] is going
14 to look at the bottom line. That we have no revenue, no precious metal extracted, and a technology
15 that may work...it makes no sense...[to invest in] a company with no proven technology, no
16 revenue and very little assets...;” and (c) “if anyone with any brains looked at our company...the
17 stock price would be around twenty five cents. You can’t even get the Auditors to agree on what
18 the company is valued at.”

19 1. **THE SO-CALLED GALLEON PROCESS.**

20 49. Despite RESPONDENTS’ representations to the contrary, CAMPBELL
21 (represented to offerees and investors by RESPONDENTS as a “key” and “core” AGRA manager)
22 expressly admitted that the Galleon process, used by RESPONDENTS to offer and sell the
23 majority of Units and AGRA stock was, “bullshit.” In a May 23, 2006 e-mail to his attorney, and
24 while still employed by AGRA, CAMPBELL admitted that AGRA had obtained millions of dollars
25 from investors on the basis of the Galleon technology does not work and, “we now know, could
26

1 have never worked.” While employed by AGRA, CAMPBELL also informed PIERSON in May
2 3, 2006 e-mail that the Galleon technology, “had no chance in hell of ever working.”

3 50. Unbeknownst to AGRA investors, the Galleon process not only proved ineffective
4 at extracting any precious metals from the Sheep Hill volcanic cinders, but RESPONDENTS were
5 actually unable to retrieve all of the in-quarted platinum during their purported precious metal
6 recovery process, resulting in a net loss of the platinum.

7 51. On June 30, 2006, CAMPBELL filed a verified civil complaint against AGRA in
8 Maricopa County Superior Court, CV2006-009755 (the “CAMPBELL Lawsuit”). Among other
9 things, the CAMPBELL Lawsuit includes a claim against AGRA for securities fraud based in part
10 on the allegation that the Galleon technology with which CAMPBELL used to sell the majority of
11 the AGRA Units and stock, “is ineffective to recover platinum from volcanic cinders.”

12 52. Prior to resigning from AGRA, CAMPBELL requested AGRA and its other officers
13 to sue the seller of the Galleon process to recoup the large amount of investor money they had
14 spent by RESPONDENTS to acquire and attempt to use the admittedly failed Galleon process. The
15 CAMPBELL Lawsuit was filed by CAMPBELL, in part, because AGRA and its other officers and
16 directors refused to sue the inventor of the Galleon process for fraud.

17 **2. THE SO-CALLED KMH PROCESS.**

18 53. RESPONDENTS abandoned the admittedly failed Galleon process approximately
19 by the summer of 2005. Thereafter, and in an effort to collect even money from existing or new
20 investors, RESPONDENTS represented to offerees and investors that they developed or acquired
21 other precious metal recovery technologies that enabled them to extract precious metals from the
22 volcanic cinders (sometimes referred to as the, “Purported Technologies”). The Purported
23 Technologies included, without limitation, a low temperature fusion (LTF) version of a Gill-Was
24 process and a KMH (Kalahari Mining Holdings) process.

25 54. RESPONDENTS primarily focused their efforts on the KMH process after the
26 failure of the Galleon process. RESPONDENTS caused to be represented to offerees and investors

1 that by using the KMH process, CAMPBELL could extract marketable quantities of not only
2 platinum from the cinders, but gold and silver as well. Without limitation, RESPONDENTS
3 misrepresented to offerees and investors on or about October 2, 2005 that:

4 This is where the excitement begins!!! Since day one, platinum has been the focus
5 with the Galleon process, but since Agra-Tech has changed over to the new KMH
6 process, they have been able to get gold and silver from the same ore. With the
7 KMH process, Agra-Tech was initially able to extract platinum at about the same
level as the Galleon process but then realized that by running a few more process
steps, they were able to not only get platinum, but also gold and silver.

8 55. Without limitation, RESPONDENTS caused to be represented to offerees and
9 investors on or about October 6, 2005, that, "Agra-Tech has the KMH process currently working
10 incredibly well in 6 ton batches. The most astonishing part is they are now able to extract more
11 than just Platinum. How about Gold, Silver and Platinum!!!"

12 56. Unbeknownst to RESPONDENTS' investors for many months, AGRA filed a
13 lawsuit against KMH on February 28, 2006 in Coconino County, Arizona Superior Court, in part,
14 for fraud and negligent misrepresentation. *See, Agra v. Kalahari Mineral Holdings, Ltd.*, Coconino
15 County Superior Court, CV2006-0140 (hereafter, "*Agra v. KMH*").

16 3. **RESPONDENTS' OTHER PURPORTED PRECIOUS METAL**
17 **GENERATING TECHNOLOGIES.**

18 57. At all times relevant, RESPONDENTS issued thousands of investment solicitations,
19 often contained in so-called "Investor Updates," to offerees and investors. These almost monthly
20 Investor Updates contained misleading representations that RESPONDENTS extracted, or were on
21 the verge of extracting marketable quantities of precious metals, on a cost effective basis, from the
22 volcanic cinders using the Purported Technologies.

23 58. Pursuant to scientific and industry accepted precious metal mining and recovery
24 customs and standards, RESPONDENTS could not extract marketable quantities of any precious
25 metals from the Sheep Hill volcanic cinders on a cost effective basis.
26

1 59. From July 2003 to the summer of 2006, RESPONDENTS did not process any of the
2 volcanic cinders purchased by any of the Unit investors. During that time, RESPONDENTS did
3 not charge the Unit investors any money for processing their volcanic cinders.

4 60. From July 2003 to the summer of 2006, RESPONDENTS did not extract any
5 marketable quantities of platinum or other precious metals, such as gold and silver, from the Sheep
6 Hill volcanic cinders using any precious metal recovery technology or expertise.

7 61. From July 2003 to the summer of 2006, RESPONDENTS did not generate a profit
8 from the production and sale of any precious metals extracted from the Sheep Hill volcanic cinders.

9 62. From July 2003 to the summer of 2006, RESPONDENTS did not pay any money to
10 the Unit, stock, Bridge Loan or Platinum Rental Agreement investors generated from the
11 production and/or sale of precious metals extracted from the Sheep Hill volcanic cinders.

12 63. From July 2003 to the summer of 2006, RESPONDENTS did not provide any actual
13 precious metals, such as platinum, gold or silver, to their investors that were extracted by
14 RESPONDENTS from the Sheep Hill volcanic cinders.

15 64. From July 2003 to the summer of 2006, RESPONDENTS' primary source of
16 operating capital was investor money.

17 **G. CAMPBELL'S BANKRUPTCY.**

18 65. CAMPBELL, represented to offerees and investors by RESPONDENTS as a key and
19 core AGRA officer, director, manager and principal, voluntarily filed a Chapter 7, "no-asset"
20 bankruptcy in 1999 in the Bankruptcy Court, Central District of California, No.: 99-14326.

21 **II.**

22 **CONCLUSIONS OF LAW**

23 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
24 Arizona Constitution and the Securities Act.

1 2. CAMPBELL offered or sold securities within or from Arizona, within the meaning
2 of A.R.S. §§ 44-1801, 44-1801(15), 44-1801(21), and 44-1801(26). These securities include the
3 Agra Units, stock, Bridge Loans and Platinum Rental Agreements.

4 3. CAMPBELL violated A.R.S. § 44-1841 by offering or selling securities that were
5 neither registered nor exempt from registration.

6 4. CAMPBELL violated A.R.S. § 44-1842 by offering or selling securities while
7 neither registered as dealers or salesmen nor exempt from registration.

8 5. From July 23, 2003 to June 15, 2006, CAMPBELL violated A.R.S. § 44-1991 by:
9 (a) employing a device, scheme or artifice to defraud; (b) making untrue statements or misleading
10 omissions of material facts; and (c) engaging in transactions, practices or courses of business
11 which operate or would operate as a fraud or deceit. CAMPBELL's conduct during this time frame
12 included the following:

13 A. Failing to disclose to offerees and investors that RESPONDENTS' primary source of cash
14 receipts or operating capital was investor money, rather than the sale of any precious
15 metals extracted from the Sheep Hill volcanic cinders.

16 B. Failing to disclose to offerees and investors that RESPONDENTS' precious metal
17 recovery business has not generated a profit from the sale of precious metals extracted
18 from the volcanic cinders.

19 C. Failing to disclose to offerees and investors that the platinum bars displayed in Unit
20 offering materials, the platinum reflected in the positive assay results, and the platinum
21 residue in the process filters, were not the result of platinum, or any other precious
22 metals, that had been extracted by RESPONDENTS from the Sheep Hill volcanic
23 cinders.

24 D. Failing to disclose to offerees and investors that 25% of each purchased Unit, or \$2,500,
25 was paid to AGRA's authorized generalized agents and securities salespersons as
26 commissions.

- 1 E. Failing to disclose to offerees and investors that CAMPBELL, a purported key and/or core
2 AGRA manager and principal, voluntarily filed a Chapter 7, "no-asset" bankruptcy in
3 1999 in the Bankruptcy Court, Central District of California, No.: 99-14326.
- 4 F. Failing to disclose to offerees and investors that RESPONDENTS' business operations
5 was running out of money from at least the fall of 2005 to June 2006 and that, as a result,
6 RESPONDENTS' purported precious metal recovery business was on the verge of
7 shutting down.
- 8 G. Failing to timely disclose to offerees and investors that AGRA filed suit against KMH for
9 fraud and negligent misrepresentation in February 2006.
- 10 H. Failing to disclose to offerees and investors that that RESPONDENTS paid CAMPBELL
11 and two other key AGRA officers and directors excessive salaries totaling approximately
12 \$167,259.21 in 2003, \$335,361.41 in 2004 and \$486,784.30 in 2005, despite the fact
13 that the stock and Unit investors have not received any returns on their investments.
- 14 I. Failing to adequately disclose to offerees and investors any risks associated with the
15 purchase of the AGRA Units, stock, Bridge Loan and Platinum Rental Agreement
16 investments including the fact that: (a) no person or entity has ever produced marketable
17 quantities of precious metals from volcanic cinders using any processes or technology; and
18 (b) that an investor could lose all or a large portion of their AGRA investment.
- 19 J. Misrepresenting to offerees and investors that RESPONDENTS' Sheep Hill volcanic
20 cinders contained marketable quantities of platinum and other precious metals, such as
21 gold and silver, that can extracted on a cost effective basis.
- 22 K. Misrepresenting to offerees and investors that RESPONDENTS had extracted, or were on
23 the verge of being able to extract platinum and other precious metals, such as gold and
24 silver, from the volcanic cinders using their purported precious metal recovery
25 technologies and expertise.
- 26

1 L. Misrepresenting to offerees and investors that the so-called Galleon and KMH processes
2 enabled RESPONDENTS to obtain marketable quantities of platinum, gold and silver
3 from the Sheep Hill volcanic cinders on a cost effective basis in part, in light of the fact
4 that RESPONDENTS now expressly admit that such processes does not work.

5 M. Misrepresenting to offerees and investors that the Sheep Hill volcanic cinders constituted
6 "ore," despite the fact that the cinders do not contain any marketable amounts of any
7 precious metals, or any other minerals that can be extracted from the cinders for a profit,
8 and because such cinders are primarily used as source material for cinder blocks,
9 inexpensive road cover, landscaping and land fill material.

10 N. Misrepresenting to offerees and investors that they could make substantial profits by
11 purchasing the Unit, Agra stock, Bridge Loan Investment and Platinum Rental Agreement
12 securities.

13 6. RESPONDENT CAMPBELL's conduct is grounds for a cease and desist order
14 pursuant to A.R.S. § 44-2032.

15 7. RESPONDENT CAMPBELL's conduct is grounds for an order of restitution
16 pursuant to A.R.S. § 44-2032.

17 8. RESPONDENT CAMPBELL's conduct is grounds for administrative penalties
18 under A.R.S. § 44-2036.

19 **III.**

20 **ORDER**

21 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
22 consent to the entry of this Order, attached and incorporated by reference, the Commission finds
23 that the following relief is appropriate, in the public interest, and necessary for the protection of
24 investors:

25 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that CAMPBELL and his SPOUSE, and
26 any of their agents, employees, successors and assigns, permanently cease and desist from

1 violating the Securities Act. CAMPBELL and his SPOUSE shall not sell any securities in or from
2 Arizona without being registered in Arizona as dealers or salesmen, or exempt from such
3 registration. CAMPBELL and his SPOUSE shall not sell securities in or from Arizona unless the
4 securities are registered in Arizona or exempt from registration.

5 IT IS FURTHER ORDERED that CAMPBELL and his SPOUSE will comply with the
6 attached Consent to Entry of Order.

7 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that the marital community of
8 CAMPBELL and his SPOUSE, and each of them, shall, jointly and severally, pay restitution to the
9 Commission, under Docket No. S-20484A-06-0669, in the amount of Ten Million, Eight Hundred
10 and Sixty Thousand Dollars (\$10,860,000), representing: (a) Unit sales totaling \$10,551,000 (b)
11 CAMPBELL's and his SPOUSE's sale of 80,000 shares of their own AGRA stock at \$1.65 per
12 share, totaling \$132,000, and (c) one half of the two (2) Platinum Rental Agreement security sales
13 (\$354,000), totaling \$177,000. Any outstanding amount shall accrue interest at the rate of 10% per
14 annum from the date of this Order until paid in full. Payments shall be made to the "State of
15 Arizona." Payments will be placed in an interest-bearing account maintained and controlled by the
16 Commission. The Commission shall disburse the funds on a pro-rata basis to investors shown on
17 the records of the Commission. Any restitution funds that the Commission cannot disburse
18 because an investor refuses to accept such payment shall be disbursed on a pro-rata basis to the
19 remaining investors shown on the records of the Commission. Any funds that the Commission
20 determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the
21 state of Arizona.

22 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that the marital community of
23 CAMPBELL and his SPOUSE, and each of them, shall, jointly and severally, under Docket No. S-
24 20484A-06-0669, pay an administrative penalty in the amount of \$100,000. This \$100,000
25 administrative penalty can be automatically reduced to \$50,000 in the event that the restitution
26 amount and any related interest to be paid under this Order is paid in full. Any amount

1 outstanding on this administrative penalty amount shall accrue interest at the rate of 10% per
2 annum from the date of this Order until paid in full. Payments shall be made to the "State of
3 Arizona." The payment obligations for these administrative penalties shall be subordinate to any
4 restitution obligations ordered herein and shall become immediately due and payable after
5 restitution payments have been paid in full or upon CAMPBELL's and SPOUSE's default with
6 respect to their restitution obligations set forth herein.

7 For purposes of this Order, a bankruptcy filing by CAMPBELL and/or his SPOUSE in
8 which they attempt to discharge their obligations under this Order shall be an act of default. If
9 CAMPBELL and/or his SPOUSE do not comply with any provision of this Order, any outstanding
10 balance ordered herein may be deemed in default and shall be immediately due and payable.

11 IT IS FURTHER ORDERED, that if CAMPBELL and/or his SPOUSE fail to comply with
12 this order, the Commission may bring further legal proceedings against such RESPONDENTS,
13 including an application to the superior court for an order of contempt.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this _____ day of
August, 2007.

BRIAN C. McNEIL
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

CONSENT TO ENTRY OF ORDER

1
2 1. RICHARD ALLEN CAMPBELL (a/k/a DICK CAMPBELL) and his SPOUSE
3 SONDRA JANE CAMPBELL (collectively hereafter, the "CAMPBELLS") admit the jurisdiction
4 of the Arizona Corporation Commission (the, "Commission") over the subject matter of this
5 proceeding. The CAMPBELLS acknowledge that they have been fully advised of their right to a
6 hearing to present evidence and call witnesses and the CAMPBELLS knowingly and voluntarily
7 waive any and all rights to a hearing before the Commission and all other rights otherwise
8 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
9 The CAMPBELLS acknowledge that this Order to Cease and Desist, Order of Restitution, Order
10 for Administrative Penalties, Order for Other Affirmative Relief and Consent to Same ("Order")
11 constitutes a valid final order of the Commission. The CAMPBELLS acknowledge and agree that
12 the Order is incorporated herein by reference.

13 2. The CAMPBELLS knowingly and voluntarily waive any right under Article 12 of
14 the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
15 resulting from the entry of this Order.

16 3. The CAMPBELLS acknowledge and agree that this Order is entered into freely and
17 voluntarily and that no promise was made or coercion used to induce such entry.

18 4. The CAMPBELLS acknowledge that at all times relevant they have been
19 represented by an attorney in this matter, Peter Strojnik, Esq., they have reviewed this Order with
20 their attorney, and understand all terms it contains.

21 5. The CAMPBELLS neither admit nor deny the Findings of Fact and Conclusions of
22 Law contained in this Order.

23 6. By consenting to the entry of this Order, the CAMPBELLS agree not to take any
24 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
25 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
26 without factual basis. Notwithstanding the foregoing, this Order is not intended to collaterally

1 estop, factually bind or preclude the CAMPBELLS from defending themselves in any
2 administrative, civil or criminal proceedings to which the Commission is not a party. The
3 CAMPBELLS will undertake steps necessary to assure that all of their agents and employees
4 understand and comply with this agreement.

5 7. While this Order settles this administrative matter between the CAMPBELLS and
6 the Commission, the CAMPBELLS understand that this Order does not preclude the Commission
7 from instituting other administrative or civil proceedings based on violations that are not addressed
8 by this Order.

9 8. The CAMPBELLS understand that this Order does not preclude the Commission
10 from referring this matter to any governmental agency or entity for administrative, civil, or
11 criminal proceedings that may be related to the matters addressed by this Order, nor does it
12 preclude the Commission from cooperating with any such governmental agency or entity.

13 9. The CAMPBELLS understand that this Order does not preclude any other agency
14 or officer of the state of Arizona or its subdivisions from instituting administrative, civil, or
15 criminal proceedings that may be related to any matters addressed by this Order.

16 10. The CAMPBELLS agrees that they will not apply to the state of Arizona for
17 registration as a securities dealer or salesman or for licensure as an investment adviser or
18 investment adviser representative for at least two (2) years from the entry of this Order and until
19 such time as each of them have complied with all terms and conditions of this Order including,
20 without limitation, the payment in full of all Restitution and the Administration Penalty, and any
21 applicable annual interest amounts set forth in this Order.

22 11. The CAMPBELLS agree that they will not exercise any control over any entity that
23 offers or sells securities or provides investment advisory services within or from Arizona until
24 such time as each of them have complied with all terms and conditions of this Order including,
25 without limitation, the payment in full of all Restitution and Administration Penalty amounts, and
26 any applicable annual interest set forth in this Order.

1 12. The CAMPBELLS agree that they will not sell any securities in or from Arizona
2 without being properly registered in Arizona as a dealer or salesman, or exempt from such
3 registration; they will not sell any securities in or from Arizona unless the securities are registered
4 in Arizona or exempt from registration; and they will not transact business in Arizona as an
5 investment adviser or an investment adviser representative unless properly licensed in Arizona or
6 exempt from licensure.

7 13. The CAMPBELLS agree that they will continue to cooperate with the Securities
8 Division throughout the conclusion of this matter.

9 14. The CAMPBELLS acknowledge and agree that any restitution or administrative
10 penalties imposed by this Order are obligations of the CAMPBELLS as well as their marital
11 community.

12 15. The CAMPBELLS consent to the entry of this Order and agree to be fully bound by
13 its terms and conditions.

14 16. The CAMPBELLS acknowledge and understand that if they fail to comply with the
15 provisions of the Order and this Consent, the Commission may bring further legal proceedings
16 against them, including, without limitation, application to the superior court for an order of
17 contempt.

18 17. The CAMPBELLS agree that until the restitution and administrative penalty
19 amounts in this Order are paid in full, the CAMPBELLS, their marital community, and/or each of
20 them shall notify the Director of the Securities Division within 30 days of any change in home
21 address or any change in any of their ability to pay amounts due under this Order.

22 18. The CAMPBELLS understand that default shall necessarily render them liable to
23 the Commission for its costs of collection and interest at the maximum legal rate.

24 19. The CAMPBELLS agree and understand that if they fail to make any payment as
25 required in this Order, any outstanding balance shall be in default and shall be immediately due
26 and payable without notice or demand. The CAMPBELLS agree and understand that acceptance

1 of any partial or late payment by the Commission is not a waiver of default by the Commission
2 under this Order or this Consent to the same.

3
4 Agreed: _____

Richard Allen Campbell (a/k/a Dick Campbell)

5
6 Agreed: _____

Sondra Jane Campbell, spouse of Richard Allen
Campbell

8 STATE OF ARIZONA)
9) ss
10 County of Maricopa)

11 SUBSCRIBED AND SWORN TO BEFORE me this 19th day of July, 2007.

12
13 _____
NOTARY PUBLIC

14 My Commission Expires:

